

House Bill 2932

Sponsored by Representative SHIELDS; Representatives BERGER, CAMERON, FREEMAN, GREENLICK, KAHL, J SMITH, THOMPSON

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires insurer offering health insurance to give 45 days' advance written notice of increase in rates or of nonrenewal.

A BILL FOR AN ACT

1
2 Relating to health insurance; creating new provisions; and amending ORS 743.417 and 743.471.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2009 Act is added to and made a part of the Insurance Code.**

5 **SECTION 2. (1) If an insurer offers to renew an individual health insurance policy, but**
6 **on terms less favorable to the insured or at higher rates, the new terms or rates may take**
7 **effect on the renewal date, if the insurer provides the insured 45 days' advance written no-**
8 **tice. If the insurer does not provide such notice, the insured may cancel the renewal policy**
9 **within 45 days after receipt of the notice or delivery of the renewal policy. The premium for**
10 **the period of time the renewal policy was in force shall be calculated pro rata. If the insured**
11 **accepts the renewal, any premium increase or changes in terms shall be effective imme-**
12 **diately following the prior policy's expiration date.**

13 **(2) Nonrenewal of an individual health insurance policy shall not be effective until at least**
14 **45 days after the insured receives a written notice of nonrenewal. If, after an insurer pro-**
15 **vides a notice of nonrenewal as described in this subsection, the insurer extends the policy**
16 **90 days or less, an additional notice of nonrenewal is not required with respect to the ex-**
17 **tension.**

18 **(3) Subsection (1) of this section does not apply:**

19 **(a) If the change is a rate, form or plan filed with the Director of the Department of**
20 **Consumer and Business Services and applicable to the entire line of insurance to which the**
21 **policy belongs; or**

22 **(b) To a premium increase based on the altered nature or extent of the risk insured**
23 **against.**

24 **SECTION 3. ORS 743.417 is amended to read:**

25 743.417. (1) An individual health insurance policy shall contain a provision as follows: "GRACE
26 PERIOD: A minimum grace period of 10 days after the premium due date will be granted for the
27 payment of each premium falling due after the first premium, during which grace period the policy
28 shall continue in force."

29 (2) A policy that contains a cancellation provision may add the following clause at the end of
30 the provision set forth in subsection (1) of this section: "subject to the right of the insurer to cancel
31 in accordance with the cancellation provision hereof."

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (3) A policy in which the insurer reserves the right to refuse renewal shall have the following
 2 clause at the beginning of the provision set forth in subsection (1) of this section: “Unless not less
 3 than [30] **45** days prior to the premium due date the insurer has delivered to the insured or has
 4 mailed to the last address of the insured as shown by the records of the insurer written notice of
 5 its intention not to renew this policy beyond the period for which the premium has been accepted.
 6 The insurer shall state in the notice the reason for its refusal to renew this policy.”

7 **SECTION 4.** ORS 743.471 is amended to read:

8 743.471. [A] **An individual** health insurance policy may contain a provision as follows: “CAN-
 9 CELLATION: The insurer may cancel this policy by written notice delivered to the insured, or
 10 mailed to the last address of the insured as shown by the records of the insurer. The notice must
 11 state the reason for cancellation and the date on which the cancellation shall be effective. Except
 12 as provided under the ‘GRACE PERIOD’ provision of this policy for nonpayment of premium, can-
 13 cellation shall not become effective earlier than the [30th] **45th** day after the date of the notice.
 14 After the policy has been continued beyond its original term, the insured may cancel this policy at
 15 any time by written notice delivered or mailed to the insurer, effective upon receipt or on such later
 16 date as may be specified in such notice. In the event of cancellation, the insurer will return
 17 promptly the unearned portion of any premium paid. If the insured cancels, the earned premium shall
 18 be computed by the use of the short rate table last filed with the state official having supervision
 19 of insurance in the state where the insured resided when the policy was issued. If the insurer can-
 20 cels, the earned premium shall be computed pro rata. Cancellation shall be without prejudice to any
 21 claim originating prior to the effective date of cancellation.”

22 **SECTION 5. Section 2 of this 2009 Act and the amendments to ORS 743.417 and 743.471**
 23 **by sections 3 and 4 of this 2009 Act apply to the renewal or nonrenewal of health insurance**
 24 **policies delivered on or after the effective date of this 2009 Act.**